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FISCAL IMPACT STATEMENT

LS 6924

BILL NUMBER: HB 1311

NOTE PREPARED: Jan 17, 2012

BILL AMENDED:

SUBJECT: Sports Scholarships and Player Safety.

FIRST AUTHOR: Rep. Crawford

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: *Scholarship Requirements:* This bill requires a state educational institution that is a Division 1 member of the National Collegiate Athletic Association (Division 1 Educational Institution) to renew an athletic scholarship at an amount that is at least the amount awarded to the student athlete the previous year as long as the student athlete is in good academic standing and is not subject to disciplinary action. It provides that if a student athlete who receives an athletic scholarship is involuntarily removed from a team, the Division 1 Educational Institution shall provide an equivalent scholarship. The bill also provides that any written agreement concerning athletic grants-in-aid signed by both a Division 1 Educational Institution's athletic program representative and a prospective student athlete is legally binding on the state educational institution.

Medical Requirements: The bill requires a Division 1 Educational Institution's athletic program to screen each incoming student athlete for the sickle cell trait and heart abnormalities before allowing the student athlete to participate in intercollegiate athletics. It also requires a Division 1 Educational Institution's athletic program to establish a program or protocols to prevent, assess, and treat sports-related concussions and dehydration. The bill requires a Division 1 Educational Institution's athletic program to establish and maintain exercise and supervision guidelines for any student athlete who participates in intercollegiate athletics who is identified as having a potentially life threatening health condition.

Financial Information: The bill requires a Division 1 Educational Institution's athletic program to conduct a financial and life skills workshop for all of the educational institution's first-year and third-year student athletes.

Transfers: The bill requires a Division 1 Educational Institution's athletic program to grant another institution

of higher education's request for permission to contact a student athlete if the student athlete authorizes the request.

Dedicated Medical Funds: The bill requires a Division 1 Educational Institution's athletic program that does not receive a waiver to dedicate \$500,000 annually to cover medical expenses of student athletes.

Athletic Trust Fund: The bill requires the State Student Assistance Commission to establish and administer the Athletic Trust Fund. It requires a Division 1 Educational Institution's athletic program that does not receive a waiver to pay an annual fee to be paid to the trust. It also provides that the fees paid to the trust may be used by former football and men's basketball student athletes after their eligibility to participate in intercollegiate athletics is exhausted.

The bill requires a Division 1 Educational Institution's athletic program that does not receive a waiver to pay an annual fee to the Athletic Trust Fund to be used to make student loan payments on behalf of each student athlete who obtains an undergraduate degree from the state educational institution.

The bill provides that a Division 1 Educational Institution may be granted a waiver if the Division 1 Educational Institution receives less than \$10,000,000 in annual television revenue.

Sexual Equality: The bill requires a Division 1 Educational Institution to allocate money to be used to comply with federal law pertaining to sexual equality in the Division 1 Educational Institution's athletic program. It requires a Division 1 Educational Institution to annually submit a report to the Commission for Higher Education pertaining to the institution's compliance with federal law pertaining to sexual equality in the institution's athletic program.

The bill provides that the Commission for Higher Education may fine a Division 1 Educational Institution if a Division 1 Educational Institution fails to dedicate money to provide sexual equality in the Division 1 Educational Institution's athletic program.

Effective Date: January 1, 2013.

Explanation of State Expenditures: *Scholarship Requirements:* It is unknown how many scholarship athletes have their scholarships reduced or terminated after the first year. The impact is probably minor statewide and would vary from year to year.

Medical: A state educational institution that does not receive a waiver from these provisions will be subject to costs for screening each incoming student athlete for the sickle cell trait and for heart abnormalities. Costs will vary depending on the tests used.

Also, the cost of establishing a program or protocols to prevent, assess, and treat sports-related concussions and dehydration would depend on the program developed. Education costs for an athlete could be minor, but testing and other procedures could be significant.

Financial Information: The cost to conduct a financial and life skills workshop for all of the educational institution's first-year and third-year student athletes would depend on how the workshop was developed. A workshop using a computerized interactive presentation could be less expensive, and a workshop where experts are brought to the school would be more expensive. The cost is probably minor. Approximately 800 to 1,000

students statewide might be attending the workshops.

Transfers: Requiring Division 1 Educational Institutions' athletic programs to grant another institution of higher education's request for permission to contact a student athlete if the student athlete authorizes the request should have minor, if any, fiscal impact.

Dedicated Medical Funds and the Athletic Trust Fund: The bill requires a Division 1 Educational Institution that receives \$10 M or more in annual television revenue during the terms of the television contract to (1) provide additional medical benefits to student athletes and (2) transfer funds into the Athletic Trust Fund which will be administered by the State Student Assistance Commission (SSAC). The two campuses that would be affected are Indiana University-Bloomington (IUB) and Purdue University-West Lafayette (PUWF).

Dedicated Medical Funds: IUB and PUWF would be required to dedicate at least \$500,000 annually to pay medical insurance premiums and medical expenses for a student athlete's out-of-pocket sports-related medical expenses. Funds available after paying expenses of current students must be used to pay medical expenses of former student athletes who suffered a sports-related injury while participating in the athletic programs. Money paid to these individuals shall be made in the order the claims are submitted to the athletic department. Money dedicated for this purpose also may not replace the current level of expenditures or benefits provided to student athletes. The funds dedicated for this purpose must be adjusted annually by the medical care price index. Funds which have not been used after four years may be used by the university for other purposes. The bill makes the state educational institution legally responsible for medical expenses if they do not set aside these funds.

Athletic Trust Fund (Funds for Scholarships): The bill would require IUB and PUFW to pay into the Athletic Trust Fund an annual amount equal to 50% of the cost of attendance at the most expensive state educational institution multiplied by the total number of football and men's basketball student athletes on scholarship. The Trust Fund is to be used for football or men's basketball student athletes that were included in the Trust Fund contribution calculation. An eligible student athlete could receive an amount of money to complete their undergraduate degree if their eligibility has been exhausted. Funds remaining after paying for current student athletes' fees may also be distributed to former student athletes. Funds distributed to former student athletes are to be in the form of reimbursement for all expenses and made in monthly installments. The highest estimated cost of attendance for 2012 is about \$22,800, and there are about 202 student athletes at IUB and PUWF on the specified scholarships. Based on 2012 estimates, the universities could be required to contribute about \$2.3 M into the Trust Fund. This amount would increase in future years as the cost of attendance increases based on the number of scholarships granted.

Athletic Trust Fund (Funds for Student Loans): The bill would also require IUB and PUFW to pay into the Trust Fund an annual fee based on the highest athletic scholarship shortfall for the 2013-2014 school year plus the unsubsidized interest rate for the Federal Direct Stafford Loan multiplied by the total number of football and men's basketball student athletes on scholarship. The fee must be adjusted annually by the Consumer Price Index. SSAC is to divide the fee among eligible student athletes on the football and men's basketball teams to cover student loans. SSAC would make direct payments to student loan creditors on behalf of the student athletes. The annual payment to the Trust Fund would be about \$202,000 per each \$1,000 of the difference in the cost of attendance and the athletic scholarship. Fees deposited in the Trust Fund and not used for this purpose after two years after the annual fee deadline set by SSAC would be returned to the schools.

Sexual Equality: The requirement that a Division 1 Educational Institution annually submit a report to the Commission for Higher Education pertaining to the institution's compliance with federal law pertaining to sexual equality in the institution's athletic program should be minor.

Background: Some athletes receive a partial scholarship instead of a full scholarship. There are about 1,545 athletic scholarships granted on a full-time equivalent basis annually. The number of football scholarships is about 345 and 252 for basketball. There are about 2,000 student athletes who receive a partial or total athletic scholarship.

The two schools that would not qualify for the waivers would be Indiana University-Bloomington and Purdue University-West Lafayette.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State educational institutions.

Local Agencies Affected:

Information Sources:

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